

**GOVERNMENT OF TELANGANA
ABSTRACT**

RWS&S- Telangana Drinking Water Supply Project (Mission Bhagiratha) - Telangana Drinking Water Supply Corporation borrowing loan of Rs.1224.00 crores from Corporation Bank for implementation of SRSP-Adilabad segment (including Bhainsa sub segment) under Mission Bhagiratha with an estimated Project Cost of Rs.1530.00 Crores - Permission – Accorded- Orders- Issued.

PANCHAYAT RAJ AND RURAL DEVELOPMENT (RWS-IV) DEPARTMENT

G.O.Rt.No.940.

**Dated:18.11.2016
Read the following:-**

1. G.O.Ms.No.17, PR&RD (RWS) Dept., dt.30.1.2015 & G.O.Ms.No.43, PR&RD (RWS-IV) Dept.,dt.15.05.2015.
- 2.From the Assistant General Manager, Corporation Bank, Jubilee Hills, Hyderabad Ref.No.OR.019.2016-17, dt.4.11.2016
- 3.From the ENC, RWS&S, Hyd., Lr A2/TDWSP/1062/2016, Dt.7.11.2016

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ORDER:-

In G.O. 1st read above, orders have been issued constituting the Telangana Drinking Water Supply Corporation (TDWSC) to execute and maintain the Telangana Drinking Water Supply Project (Mission Bhagiratha).

2. In the reference 2nd read above, Corporation Bank, Hyderabad, while enclosing the terms and conditions applicable to obtain loan from them for Telangana Drinking Water Supply Corporation in SRSP-Adilabad segment (including Bhainsa sub segment) has sanctioned a loan amount Rs.1224.00 crores out of the project cost Rs.1530.00 crores (excluding Interest During Construction).

3. In the reference 3rd read above, the Engineer-in-Chief, Rural Water Supply & Sanitation, Hyderabad has stated that the proposals were submitted to the Corporation Bank for implementation of SRSP-Adilabad segment (including Bhainsa sub segment) under Mission Bhagiratha for sanction of loan of Rs.1224.00 crores out of the total project cost of Rs.1530.00 crores (excluding Interest during construction). He has also stated that the Corporation Bank, Hyderabad has forwarded the loan sanction letter for implementation of the above segment for an amount of Rs.1224.00 crores along with terms and conditions for acceptance of the competent authority. Therefore, he has requested the Govt., to provide concurrence/approval for the terms and conditions of loan sanctioned for the above segment and to issue necessary orders on the required documents to be provided by the Govt., in order to execute the loan agreement with Corporation Bank.

4. Government after careful consideration of the matter, hereby accord permission to the Managing Director, Telangana Drinking Water Supply Corporation to borrow the loan amount of Rs.1224.00 Crores (Rupees One thousand Two hundred and Twenty Four crores only) from Corporation Bank for implementation of SRSP-Adilabad segment (including Bhainsa sub segment) under Mission Bhagiratha with an estimated cost of Rs.1530.00 crores (excluding Interest during construction), as per the terms and conditions of Corporation Bank (Interest rate as One year MCLR of 9.50% + 0.50 % ie., 10% per annum at present, subject to change from time to time). Govt. of Telangana will stand guarantee for repayment of loan taken from Corporation Bank covering principle and interest. The State margin money (i.e., 20% project cost of Rs.306.00 crores) and IDC (Rs.150.00 crores) of Rs.456.00 crores (Rupees Four hundred and Fifty Six Crores only) will be met by the Govt. of Telangana through budgetary support. The terms and Conditions approved by the Govt., are appended to this order.

5. The guarantee commission shall be paid at the rate of 2% consolidated for the entire guarantee period to State Government and the same shall be charged to the project cost from the savings available (if any) or project cost to be revised duly considering the guarantee commission. The TDWSCL shall remit the amount to Government to the following Head of Account: "0070 Other Administrative Services – 60. Other Services – MH 800. Other Receipts – SH 08 Commission for guarantee given by Government".

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5. The Managing Director, Telangana Drinking Water Supply Corporation shall take necessary action in the matter accordingly.
6. This order issues with the concurrence of the Finance (DCM) Department vide their U.O.No.13878/191/A1/2016, Dt.17.11.2016.
7. This order is available on the internet and can be accessed at the address <http://www.goir.Telangana.gov.in>.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

S.P. SINGH
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To
The Managing Director, Telangana Drinking Water Supply Corporation, Hyderabad.
The Director of Treasuries and Accounts, Telangana State, Hyderabad.
The Accountant General, Telangana State, Hyderabad.

Copy to:

The PS to Additional Secretary to Hon'ble Chief Minister,
The PS to Chief Secretary.
The Finance (DCM) Department.
The PS to Special Chief Secretary PR&RD (RWS)
The Engineer -in-Chief, RWS&S, Hyderabad.
The Corporation Bank, Hyderabad.
The Advisor to Govt., RWS&S.,
SC/SF.

//FORWARDED::BY ORDER//

SECTION OFFICER

(Contd. To ANNEXURE)

ANNEXURE to the G.O.Rt.No.940, PR&RD(RWS.IV)Dept. Dated.18.11.2016

The terms and conditions approved by the Government:-

Facility	Term Loan (Fresh Sanction)				
Limit	Rs.1224.00 Core (One Thousand Two Hundred and Twenty Four Crore only)				
Purpose	To fund the following segment for supply of drinking water under "Mission Bhagiratha": SRSP-Adilabad segment (including Bhainsa sub segment)at total projectcost of Rs.1530.00 crore.				
Primary Security	Exclusive charge by way of hypothecation on assets created out of term loan funded.				
Margin	20% on overall project cost plus interest during construction.				
Rate of Interest	1year MCLR of 9.50% +0.50% i.e. 10.00% p.a. at present subject to change from time to time. The Rate of interest shall be the rate as on the date of first disbursement and the relative spread shall be maintained till the date of next reset. The Rate of interest will be reset on the anniversary date of first disbursement of the loan in line with the prevailing MCLR on the due date of revision. The Bank reserves the right to revise the Rate of interest based on the gradation and other parameters at any point of time at its sole desertion. The Bank shall also have the discretion to change the rates in case of need to comply with the regulatory requirements and/or any change in the methodology of computation of MCLR as per RBI/IBA guidelines.				
Terms of Repayment	Repayable in 48 following structured quarterly installments commencing after 30 months from the date of first disbursement (first installment falls due at the end of 33 rd month from the date of first disbursement) with a door to door tenor of 14.50 years. (Rupees in Crore)				
	FY Ending	Nos. of Quarters	% age of Repayment	Per Qtr.	Per Year
	2020	4	8.00%	24.48	98.00
	2021	4	8.00%	24.48	98.00
	2022	4	8.00%	24.48	98.00
	2023	4	8.00%	24.48	98.00
	2024	4	8.00%	24.48	98.00
	2025	4	8.00%	24.48	98.00
	2026	4	8.00%	24.48	98.00
	2027	4	8.00%	24.48	98.00
	2028	4	8.00%	24.48	98.00
	2029	4	8.00%	24.48	98.00
	2030	4	10.00%	30.60	122.00
	2031	4	10.00%	30.60	122.00
		48	100.00%		1224.00
	Interest shall be serviced by the corporation as and when due/ charged during the tenor of loan (including moratorium period).				
Upfront Fee	0.10% of the loan amount (i.e., Rs.1.22 crore) plus applicable S.T.				

Mode of Disbursement	Through current account to be opened with our Bank
Pre-payment penalty	Waived
Obtention of external rating report	Waived.

Specific Terms and Conditions:

1. State Government shall approve for the proposed borrowing of Rs.1,224.00 crore, extending Government guarantee along with approval for infusion of 20% of project cost of Rs.306.00 crore as their margin before release of limits under individual documentation.
2. The following mechanism is approved at the time of each disbursement under the term loan:
 - (i) Expenditure estimates shall be submitted by the Corporation based on which our Bank shall release 80% of the same.
 - (ii) After the payment/pass memo is issued by the Finance Department, the share of the Government (20% margin) would be released and the corporation shall incur the expenditure.
 - (iii) Certificate for the expenditure incurred out of the term loan availed earlier will be issued by external agency (Chartered Accountant) and the same would be submitted by the corporation before approaching for subsequent disbursement
3. The corporation shall submit resolution under Sec 180(1) (C) of the Companies Act, 2013 fixing its borrowal limit and certificate of Statutory Auditor shall be obtained to that effect that the proposed borrowing will be within such limit.
4. The corporation shall undertake to service the bank loans from the project revenues.
5. The corporation shall obtain all the statutory and non-statutory clearances required for implementation of the project, including environmental clearances, approvals from Central Government agencies before disbursement.
6. The corporation shall undertake that in the event of reduction in the project cost on account of any savings on account of duties/ other taxes, price negotiations or otherwise there would be a prorate reduction in all components of the means of finance.
7. The corporation shall undertake that in case of any cost overrun in the project cost, the same would be met by the corporation without any recourse to the Bank.
8. Actual legal expenses incurred by the lender for documentation, filing of charges, search report etc. shall be borne by the Corporation.
9. The corporation shall arrange for submission of Letter of Commitment/Govt. Order from the Finance Department, Govt. of Telangana for contributing to 20% of the project cost (including IDC) as margin and continue the same till the entire outstanding with the Bank is cleared.
10. The corporation shall ensure the following:
 - (a) Necessary land is acquired for smooth implementation of the project.
 - (b) The project designs are approved by the competent authority.
 - (c) All necessary approvals including environmental clearances, approval from Central Government agencies etc., are obtained and in force.
11. Submit an undertaking to the effect that the water usage for the project is and will be within the overall water allocation made to the project.
12. The corporation is advised to explore the possibility of appointing a Project Monitoring Agency for reviewing the project progress.

Annexure Ia – Other Terms and Conditions

1. Guarantee: Unconditional and irrevocable guarantee of the Govt. of Telangana guaranteeing the repayment of principal and interest.

2. Collateral Security: Nil.

3. Before release of any amount under the credit facilities sanctioned, the Branch shall ensure the following:

- (a) An undertaking from authorized officer of Corporation to be submitted stating that Term Loan is not in lieu of or to substitute budgetary resources envisaged for the project.
 - (b) Properly worded resolution of the Board to be submitted by the Corporation for the borrowing proposed, as well as for execution of documents and persons authorized for executing the Documents.
 - (c) The corporation to undertake to utilize the funds for the purpose for which the loan has been sanctioned. There should not be any diversion for other purposes.
 - (d) The corporation shall obtain all the approvals required for implementation of the Project.
 - (e) The corporation to arrange for submission of Letter of Commitment/ Government order from the finance department, Government of Telangana for contributing to 20% of the Project Cost (including IDC) as margin and continue the same till the entire outstanding with the Bank is cleared.
 - (f) The corporation to give an undertaking that there is no inter-state disputes that effect the progress/ implementation of the project.
 - (g) Documentation formalities shall be completed under due legal advice and same shall be subjected to legal audit. In case of any irregularities found/ observations made in legal audit report, the same shall be rectified/ complied with before making credit limits to the borrower.
 - (h) Certified copy of the Board resolution declaring that the Corporation's total borrowings including the proposed borrowings from the Bank are within the ceiling fixed by Companies Act, 2013.
4. Bank reserves its right to alter/cancel and/ or modify the credit limits/ loans sanctioned and/ or terms and conditions stipulated without notice and without assigning any reason thereof.
5. Our Bank reserves the right to rearrange the repayment schedule and to call upon the Corporation to accelerate the payments, if the Corporation's financial position so warrants as per the opinion of the Bank.
6. The rate of interest and margins stipulated are subject to change from time to time at the sole discretion of the Bank/as per the guidelines of Reserve Bank of India/ Government of India/Indian Banks Association etc.
7. Any delay in repayment of the loan installments will have adverse impact on credit rating and will affect the credit history of the Borrower.
8. Default, Fraud, Legal incompetence during the currency of the limits, non-compliance of agreed terms and conditions, non-submission of required papers for renewal of limits, overdues in the term loans, any other irregularities by the Borrower will enable the Bank to recall the Loan/advance.

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9. The Bank will have the right to examine at all times the Corporation's books of accounts and to have the Corporation work-sites/ units inspected from time to time by Officer(s)/ representative (s) of the Bank and / or qualified Auditors and / or technical experts and / or Management Consultants of the Bank's choice. Cost of such inspections shall be borne by the Corporation.
10. The Corporation will keep the Bank informed of the happening of any event likely to have substantial effect on their profit or business, with explanations and the remedial steps proposed to be taken.
11. Upon completion of documentation the same shall be subject to legal audit. The legal audit of the documents shall be conducted as per extant guidelines of the bank. Further, periodical legal audit including re-verification of title deeds and other documents by empanelled advocate of the Bank shall be conducted once in a year till the loan is fully closed.
12. Our charge/EMG on the immovable property shall be registered with CERSAI with 30 days from the date of creation of charge/mortgage and recover fees thereof as per extant guidelines.
13. Our charge / modification of charge on the entire current assets shall be registered with ROC within the prescribed period.
14. The Branch shall obtain an undertaking from the borrower Company as well as guarantors that no consideration whether it be by way of commission, brokerage, fee or in any other form will be paid by the former or received by the latter directly or indirectly in connection with guarantees furnished in favour of the bank.
15. All securities charged to the Bank shall be comprehensively insured against all risks for the full value at the Company's cost and the policy shall remain in the joint names of the Company and bank with bank clause duly incorporated therein.
16. In case the borrower commits default in the payment of any of the facilities or in the repayment of interest thereon or any of the agreed installment of any loan/advance on the due date/s, the bank and or the RBI will have an unqualified right to disclose or publish the name of the firm and its directors as defaulters in such manner and through medium as the Bank or RBI in their absolute discretion may deem fit.
17. The borrower shall not transfer / invest funds of the company in whatsoever manner in any other concern without obtaining the prior consent of the Bank.
18. The branch shall ensure verification, search, inspection etc. with the respective authorities/ Registrars prior to accepting any document/ title deed pertaining to real estate/ immovable properties stipulated either as primary or collateral security for establishing authenticity of such documents.
19. During the currency of the Bank's credit facilities, the company will not, without the Bank's prior permission in writing:
 - a) effect changes in the company's capital structure.
 - b) formulate any scheme of amalgamation / reconstitution.
 - c) enter into borrowing arrangement either secured or unsecured with any other Bank, financial institution, company, firm or persons.
 - d) undertake guarantee obligation on behalf of any other company, firm or persons.
 - e) create any further charge, lien or encumbrance over the assets and properties of the company, which are to be charged to our Bank, in favour of any other Bank, financial institutions, company, firm or person.
 - f) sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the Bank.
20. Rate of interest / commission and other terms applicable to the credit facilities are subject to review from time to time and are liable to be modified at the sole discretion of the Bank. Interest as indicated will be / will continue to be charged with monthly rests. The bank reserves the right to give notice at any time and thereafter to charge such other rate of interest as the Bank may decide.

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21. Legal / other charges incurred by the Bank in connection with documentation shall be borne by the Corporation.
22. The Branch shall obtain letter of consent from the company as per the format given in 346/2002 dated 29.10.2002 for disclosure of information to Credit Information Bureau (India) Ltd. or any other agency authorized by RBI.
23. Branch shall ensure that a proper and effective system is put in place for the exchange of information on the conduct of the borrowal accounts with other financing Banks at least at quarterly intervals and also obtain regular certification by a professional preferably Company Secretary, regarding compliance by the company of various statutory prescriptions that are in vogue (as per HO Circular 628/2012).
24. While entering the master data of the borrower in Core Banking Solutions, his RAM Code No. shall be entered in the Main Limit Structure as well as in the Account Opening (Last screen / item).

S.P. SINGH
SPECIAL CHIEF SECRETARY TO GOVERNMENT

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